



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

[A-580-878]

Certain Corrosion-Resistant Steel Products from the Republic of Korea: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (“the Department”) determines that certain corrosion-resistant steel products (“corrosion-resistant steel”) from the Republic of Korea (Korea) are being, or are likely to be, sold in the United States at less than fair value (“LTFV”), as provided in section 735(a) of the Tariff Act of 1930, as amended (“the Act”). The period of investigation (“POI”) is April 1, 2014, through March 31, 2015. The final estimated weighted-average dumping margins are listed below in the “Final Determination” section of this notice.

EFFECTIVE DATE: (Insert date of publication in the *Federal Register*.)

FOR FURTHER INFORMATION CONTACT: Elfi Blum or Lingjun Wang, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0197 or (202) 482-2316, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department published the preliminary determination on January 4, 2016.<sup>1</sup> A summary of the events that occurred since the Department published the *Preliminary*

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<sup>1</sup> See *Certain Corrosion-Resistant Steel Products From the Republic of Korea: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 81 FR 78 (January 4, 2016) (*Preliminary Determination*) and accompanying Preliminary Decision Memorandum.

*Determination*, as well as a full discussion of the issues raised by parties for this final determination, may be found in the Final Issues and Decision Memorandum.<sup>2</sup>

Also, as explained in the memorandum from the Acting Assistant Secretary for Enforcement and Compliance, the Department exercised its authority to toll all administrative deadlines due to the recent closure of the Federal Government.<sup>3</sup> As a consequence, all deadlines in this segment of the proceeding have been extended by four business days. The revised deadline for the final determination is now May 24, 2016.

### Scope of the Investigation

The product covered by this investigation is corrosion-resistant steel from the Republic of Korea. For a complete description of the scope of this investigation, *see* the “Scope of the Investigation,” in Appendix II of this notice.

### Scope Comments

In accordance with the Preliminary Scope Determination<sup>4</sup>, the Department set aside a period of time for parties to address scope issues in case briefs or other written comments on scope issues.

For a summary of the product coverage comments and rebuttal responses submitted on the record of this final determination, and accompanying discussion and analysis of all comments

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<sup>2</sup> See Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, “Issues and Decision Memorandum for the Final Affirmative Determination in the Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from the People’s Republic of China,” (Final Issues and Decision Memorandum), dated concurrently with this determination and hereby adopted by this notice.

<sup>3</sup> See Memorandum to the File from Ron Lorentzen, Acting A/S for Enforcement & Compliance, “Tolling of Administrative Deadlines As a Result of the Government Closure During Snowstorm Jonas” dated January 27, 2016.

<sup>4</sup> See Memorandum to Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, “Certain Corrosion-Resistant Steel Products From the People’s Republic of China, India, Italy, the Republic of Korea, and Taiwan: Scope Comments Decision Memorandum for the Preliminary Determinations,” dated December 21, 2015 (“Preliminary Scope Decision Memorandum”). See also Memorandum to the File, “Certain Corrosion-Resistant Steel Products From the People’s Republic of China, India, Italy, the Republic of Korea, and Taiwan: Correction to Preliminary Determination Scope Memorandum,” dated January 29, 2016.

timely received, *see* the Final Scope Decision Memorandum.<sup>5</sup> The Final Scope Decision Memorandum is incorporated by, and hereby adopted by, this notice.

#### Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Final Issues and Decision Memorandum, which is hereby adopted by this notice.<sup>6</sup> A list of the issues raised is attached to this notice as Appendix I. The Final Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System ("ACCESS"). ACCESS is available to registered users at <https://access.trade.gov> and it is available to all parties in the Central Records Unit, room B-8024 of the main Department of Commerce building. In addition, a complete version of the Final Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/index.html>. The signed and electronic versions of the Final Issues and Decision Memorandum are identical in content.

#### Verification

As provided in section 782(i) of the Act, in January, February, and April 2016, the Department verified the sales and cost data reported by the mandatory respondents Hyundai Steel Company (Hyundai) and Dongkuk Steel Mill Co., Ltd./Union Steel Manufacturing Co., Ltd. (Dongkuk/Union Steel), pursuant to section 782(i) of the Act. We used standard verification procedures, including an examination of relevant accounting and production records, and original source documents provided by respondents.

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<sup>5</sup> *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Scope Comments Decision Memorandum for the Final Determinations," dated concurrently with this notice.

<sup>6</sup> *See* Final Issues and Decision Memorandum.

### Changes to the Margin Calculations Since the Preliminary Determination

Based on our analysis of the comments received and our findings at verification, we made certain changes to the margin calculations for Hyundai and Dongkuk/Union Steel. For a discussion of these changes, *see* the Final Issues and Decision Memorandum. We have also revised the all-others rate.

### Final Affirmative Determination of Critical Circumstances, in Part

Prior to the *Preliminary Determination*, the Department found that critical circumstances exist with respect to imports of corrosion-resistant steel from Korea produced or exported by Hyundai and “all-others.”<sup>7</sup> As discussed in the Final Issues and Decision Memorandum, we no longer find critical circumstances with respect to Hyundai. We continue to find that critical circumstances exist with respect to “all-others” companies.<sup>8</sup> Thus, in accordance with section 735(a)(3) of the Act, we find that critical circumstances exist with respect to imports produced or exported by all other producers/exporters, but do not exist for Hyundai and Dongkuk/Union Steel.

### All-Others Rate

Consistent with sections 735(c)(1)(B)(i)(II) and 735(c)(5) of the Act, the Department also calculated an estimated all-others rate. Section 735(c)(5)(A) of the Act provides that the estimated all-others rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and de minimis margins, and any margins determined entirely under section 776 of the Act. Where the rates for investigated companies are zero or de minimis,

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<sup>7</sup> *See Antidumping and Countervailing Duty Investigations of Corrosion-Resistant Steel Products From India, Italy, the People’s Republic of China, the Republic of Korea, and Taiwan: Preliminary Determinations of Critical Circumstances*, 80 FR 68504 (November 5, 2015).

<sup>8</sup> For a full description of the methodology and results of our analysis, *see* the Final Issues and Decision Memorandum.

or based entirely on facts otherwise available, section 735(c)(5)(B) of the Act instructs the Department to establish an “all others” rate using “any reasonable method.”

In this investigation, we calculated weighted-average dumping margins for Hyundai and Dongkuk/Union, that are above de minimis and which are not based on total facts available. We calculated the all-others rate using a simple average of the dumping margins calculated for the mandatory respondents.<sup>9</sup>

#### Final Determination Margins

The Department determines that the following estimated weighted-average dumping margins exist:

Exporter/Manufacturer	Weighted-Average Dumping Margins (percent)	Cash Deposit Rate (Percent)
Dongkuk Steel Mill Co., Ltd./ Union Steel Manufacturing Co., Ltd.	8.75	8.75
Hyundai Steel Company	47.80	47.79
All Others <sup>10</sup>	28.28	28.27

#### Disclosure

We intend to disclose to parties in this proceeding the calculations performed for this final determination within five days of the date of public announcement of our final determination, in accordance with 19 CFR 351.224(b).

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<sup>9</sup> With two respondents, we would normally calculate (A) a weighted-average of the dumping margins calculated for the mandatory respondents; (B) a simple average of the dumping margins calculated for the mandatory respondents; and (C) a weighted-average of the dumping margins calculated for the mandatory respondents using each company's publicly-ranged values for the merchandise under consideration. We would compare (B) and (C) to (A) and select the rate closest to (A) as the most appropriate rate for all other companies. *See Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53663 (September 1, 2010). As complete publicly ranged sales data was unavailable, we based the all-others rate on a simple average of the two calculated margins.

<sup>10</sup> See Footnote 9

### Continuation of Suspension of Liquidation

Pursuant to section 735(c)(1)(B) of the Act, the Department will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of corrosion-resistant steel from Korea, which were entered, or withdrawn from warehouse, for consumption on or after October 6, 2015 (for those entities for which we found critical circumstances exist) or on or after January 4, 2016, the date of publication in the Federal Register of the affirmative Preliminary Determination (for all entities for which we did not find critical circumstances exist). Because we find in this final determination that critical circumstances do not exist for Hyundai, we will terminate the retroactive suspension of liquidation ordered at the *Preliminary Determination* and release any cash deposits that were required during that period, consistent with section 735(c)(3) of the Act.

As noted above, where the product under investigation is also subject to a concurrent countervailing duty investigation, we instruct CBP to require a cash deposit less the amount of the countervailing duty determined to constitute any export subsidies. Therefore, in the event that a countervailing duty order is issued and suspension of liquidation is resumed in the companion countervailing duty investigation on corrosion-resistant steel from the Korea, the Department will instruct CBP to require cash deposits adjusted by the amount of export subsidies, as appropriate. These adjustments are reflected in the final column of the rate chart, above. Until such suspension of liquidation is resumed in the companion countervailing duty investigation, and so long as suspension of liquidation continues under this antidumping duty investigation, the cash deposit rates for this antidumping duty investigation will be the rates identified in the weighted-average margin column in the rate chart, above.

### International Trade Commission Notification

In accordance with section 735(d) of the Act, we will notify the ITC of the final affirmative determination of sales at LTFV. Because the final determination in this proceeding is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of corrosion-resistant steel from Korea no later than 45 days after our final determination. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all cash deposits will be refunded. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding Administrative Protective Orders (“APO”)

This notice serves as a reminder to parties subject to APO of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and the terms of an APO is a violation subject to sanction.

This determination and this notice are issued and published pursuant to sections 735(d) and 777(i)(1) of the Act.

Dated: May 24, 2016.

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Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance



## **Appendix I**

### **List of Topics Discussed in the Final Issues and Decision Memorandum**

- I. Summary
- II. Background
- III. Period of Investigation
- IV. Scope of the Investigation
- V. Changes Since the Preliminary Determination
- VI. Use of Adverse Facts Available
- VII. Discussion of the Issues
  - Comment 1: Whether Critical Circumstances exist for Hyundai and for POSCO, as part of “all other producers/exporters”
  - Comment 2: Whether the Department Should Exclude Hyundai’s Sales of TWBs and Auto parts Pursuant to Section 772(e) of the Act
  - Comment 3: Whether the Department Erred in Applying Facts Otherwise Available and Surreptitiously Used an Adverse Inference With Respect to its Sales of TWBs and Auto Parts in the Preliminary Determination
  - Comment 4: Whether the FMG Data Submitted by Hyundai for its Sales of TWBs, Auto Parts, Sheet, Skelp and Blanks Should Be Used in the Final Determination
  - Comment 5: Whether the Department Should Apply Adverse Facts Available to Calculate the Final Dumping Margin for Hyundai
  - Comment 6: Whether the Department Should Adjust Hyundai’s G&A Expenses for Subject Merchandise
  - Comment 7: Whether the Department Should Adjust Hyundai’s Costs to Account for Non-Prime Merchandise
  - Comment 8: Whether the Department Should Adjust’ Ocean Freight Expenses to Reflect Arm’s Length
  - Comment 9: The Department Should Disallow Certain Billing Adjustments for Home Market and U.S. Sales
  - Comment 10: Whether the Department’s Adjustment to Marine Insurance is Unwarranted
  - Comment 11: Whether the Department Should Adjust HSA’s Indirect selling Expense Ratio
  - Comment 12: Whether the Department Failed to Deduct Further Manufacturing Resulting in Overstating CEP Profit
  - Comment 13: Use of the Average-to-Transaction Method With Zeroing
  - Comment 14: Whether the Major Input Rule Analysis Should Be Conducted
  - Comment 15: Whether Application of AFA Is Warranted With Regard to Home Market Sales and Production Cost of Processed CORE
  - Comment 16: Whether to Recalculate Home Market Credit Expense
  - Comment 17: Whether to Adjust Inland Freight in Korea for U.S. Sales
  - Comment 18: Whether to Adjust Inland Freight in Korea for Home Market Sales
  - Comment 19: Whether Application of AFA Is Warranted With Regard to U.S. Warranty Expenses
  - Comment 20: Whether the Application of AFA Is Warranted for Dongkuk’s Failure to Report Home Market Sales by an Affiliate
  - Comment 21: Application of the Average-to-Transaction Method to all U.S. Sales
- VIII. Recommendation

## Appendix II

### Scope of the Investigation

The products covered by this investigation are certain flat-rolled steel products, either clad, plated, or coated with corrosion-resistant metals such as zinc, aluminum, or zinc-, aluminum-, nickel- or iron-based alloys, whether or not corrugated or painted, varnished, laminated, or coated with plastics or other non-metallic substances in addition to the metallic coating. The products covered include coils that have a width of 12.7 mm or greater, regardless of form of coil (*e.g.*, in successively superimposed layers, spirally oscillating, *etc.*). The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness of 4.75 mm or more and a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, *i.e.*, products which have been “worked after rolling” (*e.g.*, products which have been beveled or rounded at the edges). For purposes of the width and thickness requirements referenced above:

- (1) where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above, and
- (2) where the width and thickness vary for a specific product (*e.g.*, the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, *etc.*), the measurement at its greatest width or thickness applies.

Steel products included in the scope of this investigation are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or
- 3.30 percent of silicon, or
- 1.50 percent of copper, or
- 1.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 2.00 percent of nickel, or
- 0.30 percent of tungsten (also called wolfram), or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium (also called columbium), or
- 0.30 percent of vanadium, or
- 0.30 percent of zirconium

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (“IF”)) steels and high strength low alloy (“HSLA”) steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum.

Furthermore, this scope also includes Advanced High Strength Steels (“AHSS”) and Ultra High Strength Steels (“UHSS”), both of which are considered high tensile strength and high elongation steels.

Subject merchandise also includes corrosion-resistant steel that has been further processed in a third country, including but not limited to annealing, tempering painting, varnishing, trimming, cutting, punching and/or slitting or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the in-scope corrosion resistant steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of this investigation:

- Flat-rolled steel products either plated or coated with tin, lead, chromium, chromium oxides, both tin and lead (“terne plate”), or both chromium and chromium oxides (“tin free steel”), whether or not painted, varnished or coated with plastics or other non-metallic substances in addition to the metallic coating;
- Clad products in straight lengths of 4.7625 mm or more in composite thickness and of a width which exceeds 150 mm and measures at least twice the thickness; and
- Certain clad stainless flat-rolled products, which are three-layered corrosion-resistant flat-rolled steel products less than 4.75 mm in composite thickness that consist of a flat-rolled steel product clad on both sides with stainless steel in a 20%-60%-20% ratio.

The products subject to the investigation are currently classified in the Harmonized Tariff Schedule of the United States (“HTSUS”) under item numbers: 7210.30.0030, 7210.30.0060, 7210.41.0000, 7210.49.0030, 7210.49.0091, 7210.49.0095, 7210.61.0000, 7210.69.0000, 7210.70.6030, 7210.70.6060, 7210.70.6090, 7210.90.6000, 7210.90.9000, 7212.20.0000, 7212.30.1030, 7212.30.1090, 7212.30.3000, 7212.30.5000, 7212.40.1000, 7212.40.5000, 7212.50.0000, and 7212.60.0000.

The products subject to the investigation may also enter under the following HTSUS item numbers: 7210.90.1000, 7215.90.1000, 7215.90.3000, 7215.90.5000, 7217.20.1500,

7217.30.1530, 7217.30.1560, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090, 7225.91.0000, 7225.92.0000, 7225.99.0090, 7226.99.0110, 7226.99.0130, 7226.99.0180, 7228.60.6000, 7228.60.8000, and 7229.90.1000.

The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the investigation is dispositive.

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